

EXECUTIVE CHAMBERS

HONOLULU

July 11, 2006

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 3261

Honorable Members  
Twenty-Third Legislature  
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 3261, entitled "A Bill for an Act Relating to Ingenuity Corporation Charter."

The purpose of this bill is to establish the Hawaii Ingenuity Corporation to create a business entity that owns and licenses intellectual and other property.

This bill is objectionable for a number of reasons. First, there are concerns regarding the creation of a private, for-profit organization within Hawaii Revised Statutes that would have no attachment or oversight from a government department. This arrangement may result in a challenge under the equal protection clause of the Constitution since this entity would not be required to comply with the incorporation laws that other corporations are required to follow before being authorized to do business in the State.

Second, there is a lack of clarity relating to the State's responsibility, if any, in the event the Corporation is sued or for any other legal matters the Corporation may face. This ambiguity also creates confusion as to whether this Corporation is covered by Chapters 91 and 92 of the Hawaii Revised Statutes covering public rulemaking and sunshine laws.

Third, there would be difficulties in making any changes to the Corporation's charter because amendments to the charter of the Corporation would require the passage of a legislative act and rescission of the charter would require a two-thirds vote of both houses of the Legislature.

Fourth, it is inappropriate and outside the scope of

STATEMENT OF OBJECTIONS  
HOUSE BILL NO. 3261  
Page 2

law to give a for-profit corporation the ability to declare that exercising the power to collectively bargain on behalf of inventors and labor organizations is an exception to all state antitrust and federal anti-competitive practice rules and statutes.

Fifth, and most importantly, the bill may actually hurt the very entity it is intended to help--the inventor. Inventors would have no direct representation on the Corporate Board. The bill further limits the inventor's return on investment and only allows the inventor to sue the corporation after going through an elaborate and unnecessary grievance process structured to the benefit of the corporation and not the inventor. The legislation fails to increase an investor's ability to compete in a global marketplace or protect his patents beyond what is already available through federal statutes. Hawaii inventors expressed specific reservations about Mainland entities pushing this bill and attempting to organize Hawaii inventors.

For the foregoing reasons, I am returning House Bill No. 3261 without my approval.

Respectfully,

A handwritten signature in black ink, appearing to read "Linda Lingle", written in a cursive style.

LINDA LINGLE  
Governor of Hawaii